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SUBJECT: MEDIA REACTION: MIDDLE EAST, U.S.-TAIWAN RELATIONS, NORTH KOREA

¶1. Summary: Taiwan's major Chinese-language dailies continued to focus their coverage August 1 on the investigations into "possible irregularities" in the Presidential Office's special state affairs expensure account and the Sogo Department Store gift certificate case; the salary of a housekeeper who works for President Chen's daughter but has been paid out of public funds; and a Taipei District Court ruling Monday that the bail for President Chen Shui-bian's son-in-law on charges of insider trading should be continued. The pro-independence "Liberty Times," Taiwan's biggest daily, however, dedicated its first and third pages to a Hong Kong newspaper report, which said that China Central Television is interested in purchasing TVB, Hong Kong's largest TV network and the principal shareholder of Taiwan's TVBS broadcasting network.

¶2. In addition, Taiwan has finally turned its eyes to the war in the Middle East. Several Chinese-language papers dedicated one or more inside pages to reporting on Israel's raids in Lebanon. In terms of editorials and commentaries, an opinion piece in the pro-status quo "China Times" said Israel's invasion of Lebanon is nothing but part of the bigger chess game, in which the U.S.-led superpowers are re-formulating geopolitics in the Middle East and Central Asia. An analysis in the pro-unification "United Daily News" noted that if Israel continues to play the role of a victim, peace in the Middle East will be a distant dream. An editorial in the limited-circulation, conservative, pro-unification, English-language "China Post" discussed the possibility of Taiwan signing a Free Trade Agreement with the United States. An opinion piece in the limited-circulation, pro-independence, English-language "Taipei Times," on the other hand, said there is a silver lining for Taiwan in the recent North Korean crisis. End summary.

¶3. Middle East

A) "How Taiwan Should Look at War in Lebanon"

Yang Wei-chong, a Standing Committee member of the Workers' Democracy Association, opined in the pro-status quo "China Times" [circulation: 400,000] (8/1):

"... Not even the world's mainstream media outlets are able to cover up Israel's intentions. ... In the final analysis, this 'Israeli invasion supported by the United States,' as named by international anti-war activists, is nothing but a part of the bigger chess game in which the U.S.-led superpowers are re-formulating geopolitics in the Middle East and Central Asia. This chess game started with the war in Afghanistan, was followed by the invasion of Iraq, and the current Israeli military action just created a climax for the game. The purpose of such a chess game is to ensure that the United States and its 'attendants' can thoroughly control this area. It is thus not difficult for us to understand why U.S. Secretary of State

Condoleezza Rice believes that it is 'too early' for a cease-fire and why U.S. President Bush took no action except to say he was sorry about the civilian casualties in Lebanon. Now international observers have started to discuss the possibility of an upgraded war in the Middle East. But despite the various views, it is not difficult to imagine that the United States will take direct action against Syria and Iran sooner or later, since the two nations have always had profound interests in and associations with Lebanon. ..."

B) "It's All Hezbollah's Fault?"

European correspondent Chen Yu-hui noted in the pro-unification "United Daily News" [circulation: 400,000] (8/1):

"... The international community's hesitation in articulating its position has, in reality, revealed its tacit agreement to Israel's right of self-defense. But over the past few days, Israel's over-reaction has gone beyond the limits of self-defense, and its actions clearly indicated Israel's desire to punish the entire Lebanese people for just a few extremists. ..."

"Israel is the strongest country in the Middle East, but it always sees itself as a victim. ... If Israel continues to stick to the role of a victim, it will put itself in an even more unfavorable position. Israel has not only launched a war that it will never win, but will also trigger more and more suicidal attacks from the radical Islamic groups. Israel's move is akin to getting itself into trouble and making peace in the Middle East a dream for the indefinite future. ..."

4. U.S.-Taiwan Relations

"No San-tong, No U.S. FTA"

The conservative, pro-unification, English-language "China Post" [circulation: 30,000] editorialized (8/1):

"The U.S. has bluntly warned the pro-independence government of President Chen Shui-bian that it will not negotiate a Free Trade Agreement (FTA) with Taiwan unless the island opens san-tong (three direct transport links) with the mainland, the island's biggest export market. ... Despite its rhetoric, Beijing's opposition to a U.S. FTA with Taiwan is half-hearted because the pact would strengthen the U.S. reign over the island's separatist leadership. The U.S. supports Beijing's 'one China' principle. ..."

"Last week's Conference on Sustainable Economic Development, the second in five years, failed again to pave the way for direct cross-Strait flights and the easing of a 40-percent cap on investments in China, which remains Taiwan's most disfavored trading partner. No wonder, few investors and businessmen would place their eggs in the Taiwan basket."

5. North Korea

"The North Korea Impasse and Taiwan"

Commentator Li Thian-hok opined in the pro-independence, English-language "Taipei Times" [circulation: 30,000] (8/1):

"... For Taiwan, there is a silver lining in the recent Korean crisis. First, the US may decide to expand and increase funding for its missile defense system. As this system become more effective, it will be easier for the US to help defend Taiwan if China attacks, since a Chinese nuclear threat will be less credible. Second, this month the Pentagon will start relocating the Patriot Advanced Capability-3 system, along with 600 specially-trained troops from Texas to Okinawa. While designed to defend Japan, the PAC-3 system could also be useful in a Taiwan contingency. Finally, the North Korea missile test could influence the election of Japan's new Prime Minister next month, to the benefit of Taiwan. The two main contenders are Yasuo Fukuda, who is more pro-China, and Shinzo Abe, who is more appreciative of Taiwan's strategic importance to Japan's vital sea lanes. Fukuda has reportedly been gaining on Abe, partly because of Beijing's calculated peace offensive."

"For Taiwan, the North Korean missile tests should reinforce the

urgent need to strengthen national defense, including the development of offensive missile capabilities, such as cruise missiles. Taipei should also be diligent in cooperating with the U.S.-led Proliferation Security Initiative, a multi-state program designed to interdict transfer of weapon of mass destruction and other illicit materials."

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